

Finance and Administration Cabinet STANDARD PROCEDURE		ISSUED BY: Department of Revenue; Disclosure
PROCEDURE # 6.2.4	SUBJECT: Exchange of Information Agreements	
EFFECTIVE DATE: 11/1/11		
CONTACT: Disclosure Office		LOCATION: State Office Bldg; Station #6 PHONE: 502-564-2551 or 502-564-2552

STATEMENT OF AUTHORITY

1. The Finance and Administration Cabinet's Standard Procedures Manual establishes standard mandatory internal procedures cabinet-wide. These procedures are established in accordance with the Secretary's statutory authority under KRS 42.014 and KRS 12.270 to establish the internal organization and functions of the Cabinet as necessary to perform the duties effectively.
2. The Standard Procedures Manual may only be revised in accordance with the process outlined in Standard Procedure #1.1 entitled: "Finance Standard Procedures and Manual".

I. PURPOSE

Pursuant to [KRS 131.190](#) and [Internal Revenue Code \(IRC\) 6103](#), confidential state tax information shall be disclosed only through a formal exchange agreement executed through the Department of Revenue's (DOR) Disclosure Office.

II. EXECUTING AN AGREEMENT WITH THE DOR

- A. The requesting agency shall submit a memo requesting to enter into an Exchange of Information Agreement to the DOR's Commissioner and Disclosure Officer. The memo shall state the intended use of DOR information. and adhere to [KRS 131.190 \(2\)](#), which states:

"The Commissioner shall make available any information for official use only and on a confidential basis to the proper officer, board or commission of this state, any Kentucky county, any Kentucky city, any other state, or the federal government, under reciprocal arrangements whereby the Department of Revenue shall receive similar or useful information in return."

- B. Two copies of the agreement shall be prepared by the Disclosure Office and forwarded to the requesting agency, with instructions for returning the signed copies of the agreement and other necessary documentation.
- C. Both agencies shall specify the authorized agent(s) to request and receive information. Each authorized agent shall read and sign the Acknowledgment of Confidentiality ([Form SP7.601020](#)) and return it to the Disclosure Office.
- D. The Disclosure Office shall forward all received copies of the agreements, signed by the requesting agency, to the Commissioner for approval and signature.

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- E. The Disclosure Office shall return one signed copy to the requesting agency along with the list of authorized agents. One copy is maintained in the Disclosure Office.
- F. The agreement is considered executed only after the signatures of both agencies are on the agreement and the requesting agency's authorized agent list, and signed Acknowledgment of Confidentiality documents are received by the DOR's Disclosure Office. The agreement and the agency's authorized agent list are maintained in the Disclosure Office, along with documentation of exchanges made pursuant to the agreement.

III. DEPARTMENT OF REVENUE AUTHORIZED AGENTS

DOR personnel shall not access or request confidential information from another Kentucky state agency, IRS or other federal agency, a city, a county or another state, or any other governmental entity except by written request through an "Authorized Agent List" maintained by the Disclosure Office.

A. DOR Authorized Agents

Unless alternate procedures and personnel are specified in an agreement, only the following DOR positions are authorized to request, receive, and disclose confidential tax information on behalf of the DOR in compliance with [KRS 131.190](#).

1. The Commissioner of the Department;
2. The Disclosure Officer, who shall be the primary contact for exchange of information; and
3. The Disclosure Officer's Assistant.

B. Other Agency's Authorized Agents

Agents authorized from other agencies to request and receive information from the DOR and disclose information to the DOR, are designated in writing by the agency with whom the Exchange of Information Agreement exists. The list of designees is maintained in the Disclosure Office.

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IV. SECURITY OF INFORMATION

DOR requires that all confidential tax information and all outside agency confidential information shall be maintained by secure methods as established by the DOR.

1. Confidential information received through an Exchange of Information Agreement shall not be disclosed to anyone either inside or outside the DOR without a “need to know”, unless:
 - a. written authorization to do so is obtained from the Disclosure Office;
 - b. the Exchange of Information Agreement provides for the disclosure; or
 - c. a waiver exists from the taxpayer or the other agency authorizing disclosure of the information
2. In accordance with secure storage guidelines outlined in [Publication 1075 - Tax Information Security Guidelines](#), all federal hard copy information:
 - a. shall be stored in a locked cabinet or desk or inside a locked room when not being used; and
 - b. shall not be co-mingled with state tax information.
3. All outside agency information shall be kept in a desk or cabinet when not in use.

V. DISCLOSURE OFFICE CONTACT

Contact the DOR's Disclosure Officer at:

*Department of Revenue
501 High Street
PO Box 1229, Station #6
Frankfort, KY. 40602-1229*

Telephone number: 502-564-2552 or 502-564-2551

Fax number: 502-564-9896

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VI. DISCIPLINARY ACTION

Failure to adhere to the statutory requirements of [KRS 131.190](#) is punishable by those penalties found in [KRS 131.990](#), including reprimand, suspension or dismissal. If federal data or information is involved, federal penalties may also apply, including those pursuant to IRC 7213 (a)(2) and IRC 7431(2).

VII. FORMS

[Form SP7.601020](#): Acknowledgment of Confidentiality